

Section 4: Prescription Drug Coverage Overview

If you have a Medigap policy with prescription drug coverage, you should read this section carefully.

Medicare prescription drug plans

Beginning January 1, 2006, new Medicare prescription drug plans will be available to people with Medicare. Insurance companies and other private companies are working with Medicare to offer these Medicare prescription drug plans.

Words in green are defined on pages 88–91.

When the new Medicare prescription drug plans become available, the rules about prescription drug coverage under Medigap policies will change.

Note: If your prescription drug coverage is through a Medigap policy, see “**Medigap policies and Medicare prescription drug plans**” on pages 39–40 and **Situation #8** on page 62.

The new Medicare prescription drug plans might be a good choice for you. For information about Medicare prescription drug plans, you can

- look in the “Medicare & You 2006” handbook (CMS Pub. No. 10050). This handbook is mailed to people with Medicare every fall.
- visit www.medicare.gov on the web. **Note:** In late fall 2005, you will be able to get personalized Medicare prescription drug plan information for your area from this website.
- call 1-800-MEDICARE (1-800-633-4227). A customer service representative can answer your Medicare questions and help compare Medicare prescription drug plans, when they become available. TTY users should call 1-877-486-2048.
- call your State Health Insurance Assistance Program (SHIP) (see pages 85–86). Your SHIP can provide one-on-one help comparing your health insurance options.

Section 4: Prescription Drug Coverage Overview

Medigap policies and Medicare prescription drug plans

I have a Medigap policy with prescription drug coverage. How does the new Medicare prescription drug coverage affect my Medigap policy?

If your Medigap policy covers prescription drugs, sometime between September 15, 2005 and November 15, 2005, your Medigap insurance company will mail you information describing how the new Medicare prescription drug coverage will affect your Medigap policy. When you get this notice, make sure you read it carefully before making any decisions. Here is a summary of what the notice will tell you.

Option	Situation	What You Need to Do or Know
1	You can enroll in a Medicare prescription drug plan and keep your Medigap policy with the prescription drug coverage removed.	<ul style="list-style-type: none"> • Enroll in a Medicare prescription drug plan that meets your needs. • Tell your Medigap insurance company when your Medicare prescription drug plan starts. • You will no longer get prescription drug coverage under your Medigap policy and your premium will be adjusted based on this change.
2	You can enroll in a Medicare prescription drug plan by May 15, 2006 and buy a different Medigap policy without prescription drug coverage.	<ul style="list-style-type: none"> • Enroll in a Medicare prescription drug plan that meets your needs. • Contact your Medigap insurance company and find out which other Medigap policy you can buy. See Situation #8 on page 62 for information about your right to buy the Medigap policy.
3	You can enroll by May 15, 2006 in a Medicare Advantage Plan that includes prescription drug coverage.	<ul style="list-style-type: none"> • Enroll in a Medicare Advantage Plan that meets your needs. • Tell your Medigap insurance company if you enrolled in a Medicare Advantage Plan. You won't need your Medigap policy. Remember, Medigap policies won't work with Medicare Advantage Plans.
4	You can keep your Medigap policy without any changes.	<ul style="list-style-type: none"> • You don't need to do anything. • Your Medigap premium could increase more quickly than in the past. • Keep in mind, if you change your mind and enroll in a Medicare prescription drug plan after May 15, 2006, you may have to permanently pay more for your Medicare prescription drug plan or Medicare Advantage prescription drug premium and you will lose your right to switch to another policy.

To learn more about your options, look for more information in the mail from your Medigap insurance company or call your State Health Insurance Assistance Program (see pages 85–86).

Section 4: Prescription Drug Coverage Overview

Medigap policies and Medicare prescription drug plans (continued)

How does my Medigap prescription drug coverage compare to a Medicare prescription drug plan?

On average, most Medigap prescription drug coverage won't cover as much as a Medicare prescription drug plan. Unless your Medigap policy is one of a few that are found to be "at least as good as" Medicare coverage and if you don't join a Medicare prescription drug plan when you are first eligible (November 15, 2005 through May 15, 2006), you may have to pay more to join later. **Your prescription drug plan premium cost will go up at least 1% per month for every month that you wait to enroll and don't have coverage at least as good as standard Medicare prescription drug coverage.** You will have to pay this extra amount for as long as you have Medicare prescription drug coverage. You may also have to wait until November 15–December 31 to enroll in a Medicare prescription drug plan and may not be able to switch to another Medigap policy.

A Medigap policy with prescription drug coverage bought before mid-1992 may cover as much as or more than a Medicare prescription drug plan. Medigap policies sold in Massachusetts, Minnesota, and Wisconsin with prescription coverage may also cover as much as or more than a Medicare prescription drug plan.

You will get a notice from your Medigap insurance company that tells you how your Medigap policy's prescription drug coverage compares to a Medicare prescription drug plan's coverage. If you have questions, you can call your Medigap insurance company or your State Health Insurance Assistance Program (see pages 85–86).

section **5**



Steps to Buying a Medigap Policy

This section
provides steps
to help you choose
a Medigap
policy that's right
for you.

Section 5: Steps to Buying a Medigap Policy

Steps to buying a Medigap policy



Words in green are defined on pages 88–91.

Buying a Medigap policy is an important decision. Only you can decide if a Medigap policy is the right kind of health insurance coverage for you to supplement Medicare coverage. If you decide to buy a Medigap policy, shop carefully. Look for a Medigap policy that you can afford and that gives you the coverage you need most. As you shop for a Medigap policy, keep in mind that different insurance companies may charge different amounts for exactly the same Medigap policy, and not all insurance companies offer all of the Medigap policies.

The steps to buying a Medigap policy include the following:

STEP 1: Decide which benefits you want, then decide which of the Plans A through L best meet your needs (see below and pages 43–48).

STEP 2: Find out which insurance companies sell Medigap policies in your state (see page 49).

STEP 3: Call the insurance companies that sell the Medigap policies that you are interested in and compare costs (see page 50).

STEP 4: Choose the right Medigap policy for you (see page 51).

STEP 5: Buy the Medigap policy (see page 52).

STEP 1. Decide which benefits you want, then decide which of the Plans A through L best meet your needs.

The charts on the following pages will help you compare the different types of benefits that each Medigap policy offers. The charts on pages 43–45 will help you compare the **basic benefits**. See pages 46–48 to compare the **extra benefits**.

Important: You should think about your current and future health care needs because you might not be able to switch Medigap policies later. As you get older, your health care needs might increase. You may also want to think about prescription drug coverage. Starting January 1, 2006, Medicare will offer prescription drug coverage for all people with Medicare. If you think you will need prescription drug coverage, you may want to enroll in a Medicare prescription drug plan. You can enroll in a Medicare prescription drug plan starting November 15, 2005. For more information about Medicare prescription drug coverage, call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

Basic Benefits for Medigap Plans A through J

Note: This chart doesn't apply if you live in Massachusetts, Minnesota, or Wisconsin; see pages 80–82. The amounts shown in this chart are for 2005. These amounts can change each year.

Remember, Medigap Plan A covers only the basic benefits listed below. Medigap Plans B through J include the basic benefits and some extra benefits. See pages 46–47 for extra benefits that are offered for Medigap Plans B through J.

Use this information when talking to insurance companies to help choose the Medigap policy you want. Some insurance companies offer all Medigap policies, but many offer only some of them.

Benefit	What <u>Medicare</u> pays in 2005...	What you pay in 2005 if you <u>don't</u> have a Medigap Policy...	What you pay in 2005 if you <u>have</u> a Medigap Plan A through J...
Medicare Part A coinsurance and hospital benefits	Medicare pays its share of a covered hospital stay.	<p>You pay...</p> <ul style="list-style-type: none"> • For days 1–60, see page 46. • \$228 per day for days 61–90 of a hospital stay. • \$456 per day for days 91–150 of a hospital stay. • All costs for each additional day after the 150th day of the hospital stay after you have used all your lifetime reserve days. 	<p>You pay...</p> <ul style="list-style-type: none"> • For days 1–60, see page 46. • Nothing for days 61–90 of a hospital stay. • Nothing for days 91–150 of a hospital stay. • No costs above what Medicare would have paid for up to 365 more days of hospital stays during your lifetime after you use all Medicare hospital benefits. • All costs after you have used all Medicare hospital benefits and the 365 days of additional Medigap hospital stay coverage.
Medicare Part B coinsurance or copayment	Medicare pays nothing for your first \$110 (yearly deductible) of Part B-covered services. Then it generally pays 80% of the Medicare-approved amount for Medicare Part B-covered services and supplies.	After you pay for the first \$110 (yearly deductible) of Part B-covered services (like doctor services and outpatient hospital care), you generally pay 20% of the Medicare-approved amount for Medicare Part B-covered services and supplies.	After you pay for the first \$110 (yearly deductible) of Part B-covered services (like doctor services and outpatient hospital care), you generally pay nothing for any Medicare-approved amount for Medicare Part B-covered services and supplies.
Blood	Medicare pays nothing for the first three pints of blood or equal amounts of packed red blood cells per calendar year.	You pay the total cost for the first three pints of blood or equal amounts of packed red blood cells per calendar year, unless you or someone else donates blood to replace what you use.	You pay nothing for the first three pints of blood or equal amounts of packed red blood cells per calendar year.

See pages 46–47 for extra benefits that are offered by Medigap Plans B through J.

Basic Benefits for Medigap Plans K and L

Note: This chart doesn't apply if you live in Massachusetts, Minnesota, or Wisconsin; see pages 80–82. The amounts shown in this chart are for 2005. These amounts can change each year.

Medigap Plans K and L are new in 2005. They will have different basic benefits than Medigap Plans A through J, as shown below.

Benefit	What <u>Medicare</u> pays in 2005...	What <u>you</u> pay in 2005 if you <u>don't</u> have a Medigap Policy...	What <u>you</u> pay in 2005 if you <u>have</u> Plan K...	What <u>you</u> pay in 2005 if you <u>have</u> Plan L...
Medicare Part A coinsurance and hospital benefits	Medicare pays its share of a covered hospital stay.	<p>You pay...</p> <ul style="list-style-type: none"> For days 1–60, see page 48. \$228 per day for days 61–90 of a hospital stay. \$456 per day for days 91–150 of a hospital stay (60 days maximum in your lifetime). All costs for each additional day after the 150th day of the hospital stay after you have used all your lifetime reserve days. 	<p>You pay...</p> <ul style="list-style-type: none"> For days 1–60, see page 48. Nothing for days 61–90 of a hospital stay. Nothing for days 91–150 of a hospital stay (60 days maximum in your lifetime). No costs above what Medicare would have paid, for up to 365 more days during your lifetime after you use all Medicare hospital benefits. All costs after you have used all Medicare hospital benefits and the 365 days of additional Medigap hospital stay coverage. 	<p>You pay...</p> <ul style="list-style-type: none"> For days 1–60, see page 48. Nothing for days 61–90 of a hospital stay. Nothing for days 91–150 of a hospital stay (60 days maximum in your lifetime). No costs above what Medicare would have paid, for up to 365 more days during your lifetime after you use all Medicare hospital benefits. All costs after you have used all Medicare hospital benefits and the 365 days of additional Medigap hospital stay coverage.
Medicare Part B coinsurance or copayment	Medicare pays nothing for your first \$110 (yearly deductible) of Part B-covered services. Then it generally pays 80% of the Medicare-approved amount for Medicare Part B-covered services and supplies.	<p>After you pay for the first \$110 (yearly deductible) of Part B-covered services (like doctor services and outpatient hospital care), you generally pay 20% of the Medicare-approved amount for Medicare Part B-covered services and supplies.</p>	<p>After you pay for the first \$110 (yearly deductible) of Part B-covered services (like doctor services and outpatient hospital care), you generally pay 10% of any Medicare-approved amount for Medicare Part B-covered services and supplies.</p> <ul style="list-style-type: none"> You pay no coinsurance or copayment for Part B preventive services. 	<p>After you pay for the first \$110 (yearly deductible) of Part B-covered services (like doctor services and outpatient hospital care), you generally pay 5% of any Medicare-approved amount for Medicare Part B-covered services and supplies.</p> <ul style="list-style-type: none"> You pay no coinsurance or copayment for Part B preventive services.

Basic Benefits for Medigap Plans K and L (continued)

Benefit	What <u>Medicare</u> pays in 2005...	What <u>you</u> pay in 2005 if you <u>don't</u> have a Medigap Policy...	What <u>you</u> pay in 2005 if you <u>have</u> Plan K...	What <u>you</u> pay in 2005 if you <u>have</u> Plan L...
Blood	Medicare pays nothing for the first three pints of blood or equal amounts of packed red blood cells per calendar year.	You pay the total cost for the first three pints of blood or equal amounts of packed red blood cells per calendar year, unless you or someone else donates blood to replace what you use.	You pay 50% of the cost for the first three pints of blood or equal amounts of packed red blood cells per calendar year.	You pay 25% of the cost for the first three pints of blood or equal amounts of packed red blood cells per calendar year.
Hospice Care	Medicare pays most of the costs for hospice services.	A copayment of up to \$5 for outpatient prescription drugs and 5% of the Medicare-approved amount for inpatient respite care (which changes each year). Medicare generally doesn't pay for room and board except in certain cases.	You pay 50% of your share (5% of the Medicare-approved amount) for outpatient prescription drugs and inpatient respite care.	You pay 25% of your share (5% of the Medicare-approved amount) for outpatient prescription drugs and inpatient respite care.

See page 48 for extra benefits that are offered by Medigap Plans K and L.

Extra Benefits for Medigap Plans B through J

Extra Medigap benefits, and the Medigap policies that cover them, are shown below. Look to see which Medigap policies cover the benefits you are most interested in (see the last column). Keep in mind, extra benefits will increase your monthly premium, but may save you out-of-pocket costs if you use the benefits. Choose the Medigap policy that meets your needs, and fits your budget. Remember, all Medigap Plans A through J must include the basic benefits listed on page 43.

Use this information when talking to insurance companies to help choose the Medigap policy you want. Some insurance companies offer all Medigap policies, but many offer only some of them. **Note:** The amounts shown in this chart are for 2005.

Benefit	What Medicare pays in 2005...	What you pay in 2005 if you <u>don't</u> have a Medigap Policy...	What you pay in 2005 if you <u>have</u> a Medigap Policy...
Skilled Nursing Facility (SNF) Care Coinsurance (Skilled nursing and rehabilitative services in a skilled nursing facility after a related 3-day hospital stay.)	Medicare pays all covered costs for the first 20 days of SNF care.	You pay ... <ul style="list-style-type: none"> • Nothing for the first 20 days. • Up to \$114 per day for days 21–100. • All costs after day 100. 	If you have Medigap Plan C, D, E, F, G, H, I, or J you pay ... <ul style="list-style-type: none"> • Nothing for the first 20 days. • Nothing for days 21–100. • All costs after day 100.
Medicare Part A Deductible	Medicare pays all but a total of \$912 for a hospital stay of 1–60 days.	For each benefit period, you pay a total of \$912 for a hospital stay of 1–60 days.	If you have Medigap Plan B, C, D, E, F, G, H, I, or J you pay nothing for days 1–60 of a hospital stay.
Medicare Part B Deductible	Medicare pays nothing for your first \$110 (yearly deductible) of Part B-covered services (like doctor services and outpatient hospital care).	You pay for the first \$110 (yearly deductible) of Part B-covered services and supplies.	If you have Medigap Plan C, F, or J you pay nothing for the first \$110 (yearly deductible) of Part B-covered services and supplies.
Medicare Part B Excess Charges (difference between a doctor or other health care provider's actual charge and Medicare's approved payment amount).	If your doctor doesn't accept assignment, and charges more than the Medicare-approved amount, Medicare won't pay the difference.	You pay the total difference between what Medicare pays and what the doctor charges who doesn't accept assignment charges. This is called the excess charges.	If you have Medigap Plans F, I, or J you pay none of the excess charges. If you have Plan G, you pay 20% of the excess charges.
Foreign Travel Emergency	Generally, Medicare pays nothing for emergency health care outside the U.S.	You pay 100% for emergency health care outside the U.S. There are some exceptions for some care in Canada and Mexico.	If you have Medigap Plan C, D, E, F, G, H, I, or J you pay the first \$250, and then 20% of the remaining costs of emergency health care during the first 60 days of each trip. There is a \$50,000 lifetime maximum.

Extra Benefits for Medigap Plans B through J (continued)

At-Home Recovery	Medicare pays the full Medicare-approved amount of all Medicare-approved home health services.	You pay... <ul style="list-style-type: none"> Nothing for Medicare-approved home health services. 100% for non-Medicare-covered services. 	If you have Medigap Plan D, G, I, or J <ul style="list-style-type: none"> You pay nothing for Medicare-approved home health services. You pay nothing for up to eight additional weeks of at-home help after skilled care is no longer needed. Medigap policies will pay up to \$40 each visit and \$1,600 each year.
Prescription Drugs Starting January 1, 2006 , you won't be able to buy Medigap policies covering prescription drugs. See pages 37–40 for more information about Medigap prescription drug coverage.	In 2005, Medicare doesn't cover most outpatient prescription drugs. Medicare-approved prescription drug discount cards are available to help with prescription drug costs in 2005 (see page 75).	You pay 100% for most outpatient prescription drugs.	If you have Medigap Plan H, I, or J you pay for the first \$250 of outpatient prescription drugs each year. Then you pay 50% for all prescription drugs not covered by Medicare. Plans H and I have a \$1,250 per year limit. For Plans H and I to be of full value, you should have at least \$2,750 in drug costs per year (you pay \$1,250 plus \$250; plan pays \$1,250). Plan J has a \$3,000 per year limit. For Plan J to be of full value, you should have at least \$6,250 in drug costs per year (you pay \$3,000 plus \$250; plan pays \$3,000).
Medicare-covered Preventive Services Note: You don't have to pay the Part B deductible for some Medicare-covered preventive services.	After you pay the \$110 yearly deductible for Part B, Medicare will pay 75–100% of some preventive services under Part B.	You pay... <ul style="list-style-type: none"> \$110 yearly deductible for Part B. 20–25% for most Medicare-covered preventive services. Nothing for some shots. 100% for routine yearly check-ups* and tests like serum cholesterol screening, hearing testing, and diabetes screening. 	If you have Medigap Plan E or J you pay... <ul style="list-style-type: none"> A \$110 yearly deductible for Part B. Nothing for Medicare-covered preventive services.
Non-Medicare-covered Preventive Services	Medicare pays nothing.	You pay 100% for non-Medicare-covered preventive services.	You may pay nothing for routine yearly check-ups* and any non-Medicare-covered preventive services your doctor recommends. This benefit has a \$120 per year limit. You pay 100% after you have met your yearly limit.

* Medicare Part B covers a one-time “Welcome to Medicare” physical exam within the first six months of having Part B.

Note: Plans F and J have a high-deductible option, which means your monthly premium would cost less, but you would have to pay the first \$1,730 (in 2005) of your Medigap-covered costs before the Medigap policy would begin to pay its share. For more information about high-deductible options, see page 24.

Extra Benefits for Medigap Plans K and L

Note: This chart doesn't apply if you live in Massachusetts, Minnesota, or Wisconsin; see pages 80–82. The amounts shown in this chart are for 2005. These amounts can change each year.

Medigap Plans K and L are new in 2005. They will have different extra benefits than Medigap Plans A through J, as shown below. You will pay part of the cost-sharing of some covered services until you meet the annual out-of-pocket limit of \$4,000 for Plan K, or \$2,000 for Plan L.

Benefit	What <u>Medicare</u> pays in 2005	What <u>you</u> pay in 2005 if you <u>don't</u> have a Medigap Policy...	What <u>you</u> pay in 2005 if you <u>have</u> Plan K...	What <u>you</u> pay in 2005 if you <u>have</u> Plan L...
Skilled Nursing Facility (SNF) Care Coinsurance (Skilled nursing and rehabilitative services in a skilled nursing facility after a related three-day hospital stay). (See benefit period on page 88).	Medicare pays all covered costs for the first 20 days of SNF care.	You pay... <ul style="list-style-type: none"> • Nothing for the first 20 days. • Up to \$114 per day for days 21–100. • All costs after day 100. 	You pay... <ul style="list-style-type: none"> • Nothing for the first 20 days. • Up to \$57 per day for days 21–100. * • All costs after day 100. 	You pay... <ul style="list-style-type: none"> • Nothing for the first 20 days. • Up to \$28.50 per day for days 21–100. * • All costs after day 100.
Medicare Part A Deductible	Medicare pays all but a total of \$912 for a hospital stay of 1–60 days.	For each benefit period you pay a total of \$912 for a hospital stay of 1–60 days.	You pay \$456 for days 1–60 of a hospital stay.	You pay \$228 for days 1–60 of a hospital stay.

* These amounts count toward your annual limit.

Section 5: Steps to Buying a Medigap Policy

STEP 2. Find out which insurance companies sell Medigap policies in your state.

To find out which insurance companies sell Medigap policies in your state, you can do any of the following:

- Call your State Health Insurance Assistance Program (see pages 85–86). Ask if they have a “Medigap rate comparison shopping guide” for your state. These types of guides usually list the insurance companies that sell Medigap policies in your state and compare the costs of policies from each insurance company.
- Call your State Insurance Department (see pages 85–86).
- Visit www.medicare.gov on the web. Select “**Search Tools**” at the top of the page.

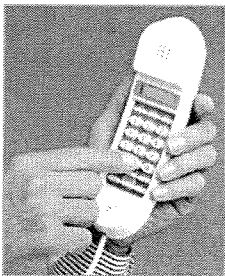
This website will help you find information on all your health plan options, including the Medigap policies in your area. You can also get information on the following:

- ✓ Insurance companies that sell Medigap policies in your state,
- ✓ How to contact these insurance companies,
- ✓ What the policies must cover, and
- ✓ How insurance companies decide what to charge you for a Medigap policy premium.

If you don’t have a computer, your local library or senior center may be able to help you look at this information.

- Call 1-800-MEDICARE (1-800-633-4227). A customer service representative will help you get information on all your health plan options, including the Medigap policies in your area. You will get your results in the mail within three weeks. TTY users should call 1-877-486-2048.

You should plan to call more than one insurance company that sells Medigap policies in your state, since costs can vary between companies. Check the companies you call to be sure they are honest and reliable (see page 36).



Section 5: Steps to Buying a Medigap Policy



STEP 3. Call the insurance companies that sell the Medigap policies that you are interested in and compare costs.

Call more than one insurance company and ask the questions listed below. Friends and relatives can tell you about their Medigap policies and the quality of service, but their Medigap policies might not fit your needs.

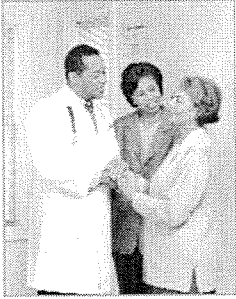
Medigap Policy Comparison Worksheet

Use this worksheet to compare costs and benefits you are considering. **Make sure you get the names, addresses, and telephone numbers of the insurance companies and the agents you talk to.**

Ask each insurance company...	Company 1	Company 2
Are you licensed in this state? (The answer should be yes.)		
Which Medigap policies do you sell? (Insurance companies usually offer some, but not all, of the Medigap plans. Make sure they sell the plan you want.)		
What is the cost of this policy?		
What has the cost of this Medigap policy been for the past few years?		
How is the price decided? <ul style="list-style-type: none"> • What type of pricing does this insurance company use? (Community-rated, issue-age-rated, or attained-age-rated, see pages 22–23) • Is there a discount if I am a female, a non-smoker, or married? 		
Are there any additional (“innovative”) benefits or discounts included in this policy?		
If you aren’t in your Medigap open enrollment period or in another situation where you have a guaranteed issue right, ask: <ul style="list-style-type: none"> • Will you accept my application? • Do you review my health records or application (medical underwriting) to decide how much to charge me for a Medigap policy? • If you have a pre-existing condition ask, “Will my pre-existing condition mean a delay in the start of my benefits?” 		

Section 5: Steps to Buying a Medigap Policy

STEP 4. Choose the right Medigap policy for you.



After you call the insurance companies, compare their costs, and check to see if the companies are reliable. Then choose the Medigap policy that is right for you.

To make your final choice, you should do the following:

- Carefully review the Medigap policy benefits to make sure it covers the benefits you need and want.
- Decide if you can afford the cost of the Medigap policy.
- Make sure you feel good about and trust the insurance company and/or the insurance agent.
- If possible, talk with someone you trust, like a family member, friend, doctor, insurance agent, or your State Health Insurance Assistance Program (see pages 85–86) about your choice.

Once you have done the items above, you are ready to move on to Step 5 (see page 52).

Section 5: Steps to Buying a Medigap Policy

STEP 5. Buy the Medigap policy.



Once you have decided on the insurance company and the Medigap policy you want, you can apply for your policy. The insurance company must give you a clearly worded summary of your Medigap policy when you apply. Read it carefully. If you don't understand it, ask questions. Remember the following when you buy your Medigap policy:

- Fill out your application carefully and completely. If the insurance agent fills out the application, review it to make sure it's correct. Otherwise, answer all of the medical questions carefully. If you buy your Medigap policy during your open enrollment or guaranteed issue period, the insurance company can't use any medical answers you give them to deny you coverage or price the policy.
- Remember, you don't need more than one Medigap policy. If you already have a Medigap policy, it is illegal for an insurance company to sell you a second policy unless you tell them in writing that you are going to cancel the first Medigap policy. However, don't cancel your old Medigap policy until the new one is in place, and you have decided to keep the new Medigap policy. Once you have received the new Medigap policy, you have 30 days to decide if you want to keep the new Medigap policy. This is called your "free look" period. The 30-day free look period starts when your Medigap policy is issued to you.
- It is best to pay for your Medigap policy by check, money order, or bank draft. Make it payable to the insurance company, not the agent. Get a receipt with the insurance company's name, address, and telephone number for your records.
- Ask for your Medigap policy to become effective when you want coverage to start, or when your old Medigap policy coverage ends. If, for any reason, the insurance company won't give you the start date you want, call your State Insurance Department (see pages 85–86).
- Your insurance company is required to send you a copy of your policy within 30 days after you are approved. If you don't get your policy in 30 days, call your insurance company. If you don't get your policy in 60 days, call your State Insurance Department (see pages 85–86).

section **6**



Medigap Rights and Protections

Use this section to
find out about your
Medigap rights and
protections.

Section 6: Medigap Rights and Protections

Medigap rights and protections (guaranteed issue rights)

Your rights to buy a Medigap policy

If you live in **Massachusetts, Minnesota, or Wisconsin**, you have the same guaranteed issue rights to buy a Medigap policy, but the policies are different. If you have questions, call your State Insurance Department (see pages 85–86).

Words in green are defined on pages 88–91.

In some situations, you have the right to buy a Medigap policy outside of your Medigap open enrollment period. These rights are called “Medigap protections.” They are also called guaranteed issue rights because the law says that insurance companies must sell (“issue”) you a Medigap policy even if you have health problems.

In these situations, an insurance company

- must sell you a Medigap policy,
- must cover all your pre-existing conditions (see page 29), and
- can’t charge you more for a Medigap policy because of past or present health problems.

In many cases, you get these protections when you have other health coverage that changes in some way.

Note: If you drop your Medigap policy, you may not be able to get it back except in very limited cases.

Important: In some situations, you have a guaranteed issue right to buy a Medigap policy if you lose certain kinds of health coverage. You should keep a copy of any letters, notices, and claim denials that show you have lost your other coverage. Be sure to keep anything that has your name on it. Also, keep the postmarked envelope these papers come in as proof of when it was mailed. You may need to send a copy of some or all of these papers with your application for a Medigap policy to prove you lost coverage and have the right to these Medigap protections.

Remember, it is best to apply for a Medigap policy **before** your current health coverage has ended. You can apply for a Medigap policy while you are still in your health plan and choose to start your Medigap coverage the day after your health plan coverage ends. This will prevent breaks in your health coverage.

The Medigap protections in this section are from Federal law. Many states provide more Medigap protections than Federal law. Your state might let you choose from more Medigap policies or give you a longer time to apply for a Medigap policy when you lose your coverage. Call your State Health Insurance Assistance Program or State Insurance Department for more information (see pages 85–86).

Section 6: Medigap Rights and Protections

Medigap protections if you lose or drop your health care coverage (guaranteed issue rights)

In order to get these Medigap protections, you must meet certain conditions listed below. These rights are for both Medigap and Medicare SELECT policies.

Note: There may be times when more than one situation applies to you. When this happens, you can choose the Medigap protection that gives you the best choice of Medigap policies.

Important: Programs of All-inclusive Care for the Elderly (PACE) is available only in states that choose to offer it under Medicaid. If you have Medicaid, an insurance company can sell you a Medigap policy only in certain situations (see page 75).

Situation	Protects you if...	See page
1	You are in a Medicare health plan other than the Original Medicare Plan and the plan is going to leave the Medicare Program or stop giving care in your area.	56
2	You have employer group health plan or union coverage that is ending.	57
3	Your coverage ends because you move out of the plan's service area.	58
4	You joined a Medicare Advantage Plan or PACE when you were first eligible for Medicare at age 65 and within the first year of joining, you decide you want to switch to the Original Medicare Plan.	59
5	You dropped a Medigap policy to join a Medicare Advantage Plan or PACE, or to switch to a Medicare SELECT policy, for the first time, you have been in the plan less than a year, and you want to switch back.	60
6	Your Medigap insurance company goes bankrupt and you lose your coverage, or your Medigap policy coverage ends through no fault of your own.	60
7	You leave a Medicare Advantage Plan, or drop a Medigap policy because the company hasn't followed the rules, or it misled you.	61
8	You have a Medigap policy that covers prescription drugs. You want to enroll in a new Medicare prescription drug plan and switch to another Medigap policy that doesn't have prescription drug coverage.	62

Section 6: Medigap Rights and Protections

Medigap protections

SITUATION #1: You are in a Medicare health plan other than the Original Medicare Plan and the plan is going to leave the Medicare Program or stop giving care in your area.

Programs of All-inclusive Care for the Elderly (PACE) combine medical, social, and long-term care services for frail people. PACE is available only in states that choose to offer it under Medicaid. For more information about PACE, see page 76.

In this situation, your Medicare health plan or PACE provider sends you a letter telling you when your coverage will be ending. The letter will tell you if there are any other Medicare health plans or PACE providers in your area. If you switch to one of those you won't need a Medigap policy.

However, if you decide to switch to the Original Medicare Plan you will have a right to buy a Medigap Plan A, B, C, or F that is sold in your state by any insurance company.

You have two choices when to get your Medigap policy

1. Leave (disenroll from) your Medicare health plan or PACE any time after the day you get your letter, but before your coverage would have ended. You will automatically return to the Original Medicare Plan. You will have **63 calendar days from the day you leave the plan** to apply for a Medigap policy.
2. Stay in your Medicare health plan or PACE until the date your coverage ends. You will automatically return to the Original Medicare Plan when your coverage ends. You will have **63 calendar days after your health coverage ends** to apply for a Medigap policy.

Important: You will have additional rights under **Situation #4** (see page 59) or **Situation #5** (see page 60) if

- this was the first time you were in a Medicare Advantage Plan,
- you were in the plan less than one year before the plan left the Medicare Program or stopped giving care in your area, and
- you choose to return to the Original Medicare Plan and apply for a Medigap policy.

If instead you immediately join another Medicare Advantage Plan, you can stay in that plan for up to one year and still have the rights described in **Situations #4** and **#5**.

Section 6: Medigap Rights and Protections

Medigap protections (continued)

SITUATION #2: You have employer group health plan or union coverage that is ending.

In this situation, you are in the Original Medicare Plan and you also have coverage from an employer group health plan or union. If your coverage is from your (or spouse's) current employment, the plan probably pays first, and Medicare pays second. If your coverage is retiree coverage, Medicare probably pays first, and your plan pays second. Here are your rights under Federal law if you are in a plan that pays second, and

- the employer goes out of business,
- the employer stops offering the health plan, or
- you are no longer eligible for the health plan (for example, if the coverage is from your spouse, and you get divorced or your spouse dies).

There are two ways you might find out that your employer group health or union coverage is ending

- the employer or union, the health plan, or the insurance company will send you a notice telling you the coverage is ending, or
- no one will send a notice in advance, but you will get a claim denial notice letting you know that a claim has been denied.

Important: Keep the notice or claim denial that has your name on it. This will help prove that you lost coverage.

In this situation, you have the right to buy a Medigap Plan A, B, C, or F that is sold in your state by any insurance company.

You must apply for the Medigap policy within 63 calendar days after the date the coverage ends, or the date on your notice, or the date on your claim denial—whichever is later.

Note: In this situation, state laws may vary. If you lose coverage under an employer group health plan that pays before Medicare, state law might give you a right to buy a Medigap policy. If the employer offers you "COBRA" coverage (see pages 71–72) you can either buy a Medigap policy now, or you can wait until the COBRA coverage ends and then you will have another right to buy a Medigap policy. For more information, call your State Health Insurance Assistance Program (see page 85–86).

Section 6: Medigap Rights and Protections

Medigap protections (continued)

SITUATION #3: Your coverage ends because you move out of the plan's service area.

Words in green are defined on pages 88–91.

If you have health coverage from a Medicare Advantage Plan or you are in PACE, and you move out of the plan's service area, you will have to end your coverage.

If you have a Medicare SELECT policy, you can keep your policy because it is **guaranteed renewable**. However, because you have moved, you may not be able to use hospitals or other health care providers that are on the policy's list of approved providers. This is called the policy's "network." Therefore, you might want to switch to another Medigap policy.

You have the right to buy a Medigap Plan A, B, C, or F that is sold by any insurance company in your state (if you move within the same state but outside of the plan's service area), or the state you are moving to (if you move out of state).

You must tell your current plan that you are moving and give them a date when you will end your coverage. You can apply for a Medigap policy as early as 60 calendar days before the date your health coverage ends. You must apply for a Medigap policy no later than 63 calendar days after your health coverage ends to get this protection.

Section 6: Medigap Rights and Protections

Medigap protections (continued)

SITUATION #4: You joined a Medicare Advantage Plan or PACE when you were first eligible for Medicare at age 65 and within the first year of joining, you decide you want to switch to the Original Medicare Plan.

You have the right to buy any Medigap policy that is sold in your state by any insurance company. You must tell the health plan that you want to leave (disenroll) and give them a date to end your coverage. This date must be before you have been in the plan for a year. You will have from 60 calendar days before your coverage ends until 63 calendar days after your coverage ends to apply for a new Medigap policy.

Your rights under this situation may last for an extra 12 months if the plan you first joined leaves the Medicare Program or stops giving care in your area before you have been in the plan for one year, AND you immediately join another Medicare Advantage Plan or PACE.

Section 6: Medigap Rights and Protections

Medigap protections (continued)

SITUATION #5: You dropped a Medigap policy to join a Medicare Advantage Plan or PACE, or to switch to a Medicare SELECT policy, for the first time, you have been in the plan less than a year, and you want to switch back.

You have the right to go back to the Medigap policy you had, if the same insurance company still sells it. You need to tell the Medicare Advantage Plan, Medicare SELECT, or PACE that you want to leave (disenroll) and give them a date to end your coverage. This date must be before you have been in the plan for a year.

If your former Medigap policy isn't available, you have the right to buy a Medigap Plan A, B, C, F, K, or L that is sold in your state by any insurance company. You will have from 60 calendar days before your coverage ends until 63 calendar days after your coverage ends to apply for a new Medigap policy.

Your rights under this situation may last for an extra 12 months if the plan you first joined leaves the Medicare Program or stops giving care in your area before you have been in the plan for one year, AND you immediately join another Medicare Advantage Plan or PACE.

SITUATION #6: Your Medigap insurance company goes bankrupt and you lose your coverage, or your Medigap policy coverage ends through no fault of your own.

You have the right to buy a Medigap Plan A, B, C, or F that is sold in your state by any insurance company. You will have 63 calendar days from the date your coverage ends to apply for a new Medigap policy. Because Medigap policies are guaranteed renewable, the only way you would lose coverage under a Medigap policy would generally be if the insurance company goes bankrupt.

Section 6: Medigap Rights and Protections

Medigap protections (continued)

SITUATION #7: You leave a Medicare Advantage Plan, or drop a Medigap policy because the company hasn't followed the rules, or it misled you.

In this situation, you leave the health plan because it failed to meet its contract obligations to you. For example, the company isn't paying your claims, or it used untrue statements to convince you to buy the policy. Generally, to have this right, you must have filed a grievance with the health plan, Medicare, or the State Insurance Department (see pages 85–86) and received a decision that the plan was at fault.

You have the right to buy a Medigap Plan A, B, C, or F that is sold in your state by any insurance company. You must tell the plan that you want to leave (disenroll) and give them a date to end your coverage. You will have 63 calendar days from the date your coverage ends to apply for a new Medigap policy.

Section 6: Medigap Rights and Protections

Medigap protections (continued)

SITUATION #8: You have a Medigap policy that covers prescription drugs. You want to enroll in a new Medicare prescription drug plan and switch to another Medigap policy that doesn't have prescription drug coverage.

If you enroll in a Medicare prescription drug plan between November 15, 2005 and May 15, 2006, you will be able to keep your Medigap policy, but the prescription drug coverage will be removed as of January 1, 2006. You also have the right to switch from the Medigap policy you have now and buy a Medigap Plan A, B, C, F (including the high-deductible Plan F), K, or L that is sold by your current Medigap insurance company. However, you are only guaranteed this right from the same insurance company. If you apply to a different insurance company they may be able to use medical underwriting.

You must apply for your new Medigap policy within 63 calendar days after your Medicare prescription drug coverage starts.

If you sign up for a Medicare prescription drug plan after May 15, 2006, you will no longer have the right to buy another Medigap policy from the same insurance company, unless your state has a law that requires it.

Important: Starting January 1, 2006, no new Medigap policies with prescription drug coverage can be sold.

If you have a Medigap policy that covers prescription drugs you will get a notice from your Medigap insurance company sometime between September 15, 2005 and November 15, 2005. This notice will describe your options for getting prescription drug coverage. Read the entire notice carefully and review your options before making any decisions.

More information about Medicare prescription drug plans starts on page 38.

Section 6: Medigap Rights and Protections

Medigap protections (continued)

Special note for people with Medicare under age 65

If you are in a situation that gives you the right to

- return to a Medigap policy you used to have, or
- buy Medigap Plans A, B, C, or F,

you must be allowed to return to the same type of Medigap policy you used to have, if it is still available from your old insurance company, or buy a Medigap Plan A, B, C, or F that is sold by any insurance company in your state to people under age 65.

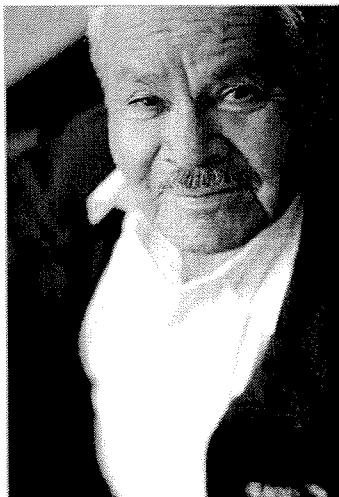
There is no Federal law that says insurance companies must sell Medigap policies to people under age 65. However, if an insurance company does sell these Medigap policies to anyone under age 65, they must sell one to you if you are in one of these situations (listed on pages 56–62).

Note: If the Medigap policy you used to have included prescription drug coverage, you won't be able to get this coverage back.

Where to get more information about Medigap protections

- Call your State Health Insurance Assistance Program (see pages 85–86) to make sure that you qualify for these Medigap protections. They can also help you find the Medigap policy that is right for you.
- Call your State Insurance Department (see pages 85–86) if you are denied Medigap coverage in any of these situations.

Notes



"I used this section to learn about my Medigap rights and protections."

section

7



Medigap Policies and Disability or ESRD

This section has information about how Medigap policies work if you are disabled or have ESRD.

Section 7: Medigap Policies and Disability or ESRD

Medigap policies for people under age 65 and eligible for Medicare because of a disability or End-Stage Renal Disease (ESRD)

Words in green are defined on pages 88–91.

You may have Medicare before age 65 due to

- a disability, or
- ESRD (permanent kidney failure requiring dialysis or a kidney transplant).

If you are a person with Medicare under age 65 and are disabled or have ESRD, you might not be able to buy the Medigap policy you want until you turn age 65. Federal law doesn't require insurance companies to sell Medigap policies to people under age 65. However, some states require Medigap insurance companies to sell you a Medigap policy, at certain times (during a limited Medigap open enrollment period), even if you are under age 65 (see pages 56–62). These states are listed below. If you have questions, you should call your State Health Insurance Assistance Program (see pages 85–86).

At the time of printing this guide, the following states require insurance companies to offer at least one kind of Medigap policy to people with Medicare under age 65:

- | | | |
|-----------------|------------------|----------------|
| • California | • Michigan | • Oklahoma |
| • Colorado | • Minnesota | • Oregon |
| • Connecticut | • Mississippi | • Pennsylvania |
| • Kansas | • Missouri | • South Dakota |
| • Louisiana | • New Hampshire | • Texas |
| • Maine | • New Jersey | • Vermont |
| • Maryland | • New York | • Washington |
| • Massachusetts | • North Carolina | • Wisconsin |

Even if your state isn't on this list, some insurance companies may voluntarily sell Medigap policies to some people under age 65 (see pages 56–62). Whether or not your state requires insurance companies to sell to you, Medigap policies sold to people under age 65 may cost you more than policies sold to people over age 65.

Remember, if you live in a state that has a Medigap open enrollment period for people under age 65, you will still get another Medigap open enrollment period when you turn age 65. You may have other choices of Medigap policies or be able to get a lower premium at that time.

Section 7: Medigap Policies and Disability or ESRD

Medigap policies for people under age 65 and eligible for Medicare because of a disability or End-Stage Renal Disease (ESRD) (continued)

Also, if you join a Medicare Advantage Plan and your coverage ends, you may have the right to buy a Medigap policy. If you have questions, you should call your State Health Insurance Assistance Program (see pages 85–86).

Medigap policies for people age 65 or older and eligible for Medicare because of a disability or End-Stage Renal Disease (ESRD)

The first six months after you turn age 65 **and** are enrolled in Medicare Part B is when you will be in your Medigap open enrollment period. It doesn't matter that you have had Medicare Part B before you turned age 65. During this time

- you can buy any Medigap policy from any insurance company, and
- insurance companies can't refuse to sell you a Medigap policy due to a disability or other health problem, or charge you a higher premium (based on health status) than they charge other people who are 65 years old.

When you buy a Medigap policy during your Medigap open enrollment period, the insurance company must shorten the waiting period for pre-existing conditions by the amount of creditable coverage you have. If you had Medicare for more than six months before you turned 65 years old, you won't have a pre-existing condition waiting period because Medicare counts as creditable coverage. (See page 30 for more information about creditable coverage.)